File No FD 189 CSL 74

MYSORE GOVERNMENT SECRETARIAT

Notes Correspondence/Collection

Department Finance Section C.T.

FD 85 CSL 74

Subject :— Reduction of Sales Tax on Bullion and Jewellery - Petition by Shroff Mahaj Sangh, Bijapur

Earlier References :—

Late References :— FD 85 CSL 74

P-24 E

(Classification ~~A/B~~/C) 2—

Notes Pages 5

Correspondence Pages 18

Not for section Note Book

To be destroyed after 1-9-85

For Under Secretary to Government.

DOCKET SHEET

Department: Law

File No. 602/Law(i)/72

Section Admn

Volume: 1/3/6 72

FD 189 C 5 L 72

SUBJECT

Petition from the President, Shrogg Mahajan Sangh Bijapur

Number and date	To whom sent	Instructions
1	2	3
13-6-72	F.D (C.T.)	FD 415/DS(CT)73 18.4.73.

R. & I. SECTION
No. 245
Date .....
Section C

10.7.72
Sushila

DS/497/CT
21-11-72

1)

1.) The petition dated - of the President, Shroff Mahajan Sangh Bijapur may be seen. The subject matter pertains to the levy of tax on Sivil and Gold and Ornaments and to bring the tax slab on par with the neighbouring States of Andhra pradesh, Madras and Maharashtra.

2) As the subject matter is dealt with in Finance Dept. this may be transposed to that Dept. (F.D. Commercial Taxes)

9/6/72
10/6/72

F.O.
(C.T)

10/6/72
B. N. [illegible]
[illegible]

3) Draft letter to C.C.T calling for a report may issue (ole & f/c are put up)

19/6

Issued

Sushil 28.6.72

4) D.O. reminder is put up

Issued.

Sushil 2.9.72

1/8

Draft reminder is put up may 5

28/9/72

may be kept in 'Cus' till 31.10.72 6

12/10

S.No 9 :- Letter No. MSA/CR/82/72-73, dt. 15-11-72 from the C.C.T. 4202/

The C.C.T. has ascertained from the 7
rates of S.T. prevailing in the neighbouring States on Bullion, Precious Stones and Jewellery. He has also furnished a comparative statement of rates and it is seen from that statement that the rates in the neighbouring states of Tamil Nadu, Kerala and Andhra Pradesh are somewhat equal to those in this State. Only the rates in Maharashtra appear to be somewhat lower than those in our state. But this has not caused the diversion of trade to that State. From the statement furnished by the C.C.T. regarding turnover and tax realised on articles of gold and silver it is seen that the same are progressively increasing. There is therefore no case for reduction of rate of tax applicable to sales of Jewellery or Bullion as pleaded by the Shroff Mahajan Sangh Bijapur. The Sangh may perhaps be replied accordingly.

20/11

It is seen from the Report 8

received from the C.C.T. - that the rates of tax of the neighbouring States is almost equal except in Maharashtra where it is lower. The turnover in the Belgaum Division is on the increase and there is no case for reduction of tax. The request of the Sough may be rejected

D.S)

20/11/92

9

21/11

JS)

10 The figures & turnover do not disclose any diversion of trade. Further when State which has borders with other State cannot determine how rates only with reference to a particular area. The request does not deserve any consideration. JC - 20/11/92

→

On a representation made to him at Bijapur, FM had directed that a note may be prepared indicating financial implications, & the Comparative position vis-a-vis [neighbouring] States. I think some representatives also met FM in Bangalore later

(12

SL No 4 C/F.

CCT's report below* gives an analysis. We may not make any change in rates for now

(13

* SL No 9 C/F

28.11.72

FM (14

M. Y. GHORPADE,
Minister for Finance.

(15

17-4-73

(16

18/4

VS (CT) 18/4.

Any reply to be sent?

(17)

Draft reply put up
19/4 The representation were made in June 1972. The party has not pressed the matter further. It is not desireable to issue a reply after about a year. If a reminder is issued, we may think of giving a reply.

21/4

18) The papers may be filed. C

5

DS (M).

21/4/23

Re, take extracts from the CCTs report for use during STAC meetings etc.

23/4

DS (C)

24/4

This question is being pursued in file No. F) 84 CSL 74. Hence this file may be closed as 'C'

15/5

Sr. No 10

No. FB 189- CSL 72

19

To

The President
Shri Mahajan Sangh.
Bijapur

The Honorary President
The Jewellers Association (Regd.)
Nagarthpet
Bangalore

Sir,

Sub.:- Reduction of Sales Tax on Bullion and Jewellery

I am directed to refer to your petition dt. nil 6.6.1972 addressed to the Finance Minister and to state that the Govt. considered the matter in the light of the information received from the neighbouring states and ~~is of the view that there is no case for reduction~~ regret that your request cannot be conceded.

Yr.

(S. F. D'Cot)

Sr No 9

C. F. No. 45

GOVERNMENT OF MYSORE

Telegram/phone,

OFFICE OF

The Commissioner of Commercial Taxes

No. MSA/CR/82/72-73.
Encls.

in Mysore, Bangalore,

Date d 15th November, 1972.

To

The Secretary to Government,

Finance Department, Bangalore.

Sir,

Sub:- M.S.T. Act 1957 - Rate of Sales Tax applicable to sales of Jewellery and Bullion - Reduction - Representation from Shroff Mahajan Sangh, Bijapur - Report.

Ref:- Letter No.FD 189 CSL 72 dated 19-6-1972 and D.O.No.FS (PA) 226/72 dated 27-6-1972.

In their representation forwarded with the letter cited above, the Shroff Mahajan Sangh, Bijapur has represented that the rates of tax applicable to sales of gold and silver jewellery and bullion in this state is higher than the rate prevailing in any of the neighbouring states, which according to them has resulted in the diversion of trade to the neighbouring states. It was therefore requested that the rate in this state should be reduced and brought to the level of the rates prevailing in the neighbouring states.

The petitioners have furnished the particulars of rates of tax prevailing in the neighbouring states. The rates furnished in the petition do not agree with the rates prevailing in the neighbouring states as ascertained from the Heads of the Sales Tax Departments of the concerned

.....2

states which are shown below:-

State	Rates of tax on			
	Bullion and Specie	Precious stones	Jewellery set with precious stones	Jewellery not set with precious stones
Mysore	1% S.P.	6% S.P.	4% S.P.	3½% M.P.
Andhra Pradesh	½% S.P.	7% S.P.	Gold ½ % Precious stones 7%	1 % S.P.
Tamil Nadu	1% S.P.	9% S.P.	3½% M.P. on jewel part and 9% on precious stones.	3½% M.P.
Kerala	1% S.P.	5% S.P.	3½% M.P.	3½% M.P.
Maharashtra S.T.	¼%			¼%
Maharashtra General S.T.	¼%	6%	6%	¼%
Maharashtra Purchase Tax	¼%	6%	6%	¼%

It could be seen from the above table that the rates prevailing in the neighbouring states of Kerala, Tamil Nadu and Andhra Pradesh are almost equal to the rates prevailing in this state. Only in the state of Maharashtra the rates are lower than the rates in this state. In spite of the fact that the rates are lower in Maharashtra, it could be seen that it has not effected the business of the dealers in the Belgaum Division. The statement in appendix I received from the Deputy Commissioner of Commercial Taxes, Belgaum shows that the turnover and tax realised on articles of gold and silver has been progresively increasing from the year 1969-70 to 1971-72. For ready reference the figures of turnover and tax realised in Belgaum Division are given below:

Year	T/O determined	Tax levied	
		MST Act 1957	CST Act 1956
1969-70	16,23,527	38,813	30,461
1970-71	16,21,996	47,751	30,263
1971-72	17,47,169	49,032	45,362

It could thus be seen that the statement made in the petition of the Shroff Mahajan Sangh, Bijapur that there is diversion of trade from this state to the neighbouring states is not correct. There is therefore no case in my opinion, for reduction of rate of tax applicable either to sales of jewellery or bullion.

Yours faithfully,

(T.N.Satish Chandran)
Commissioner of Commercial Taxes.

Msk.

FD 189 e5472

To

The C.C.T.

Bangalore.

u/s

9/2

Sir,

Sub:- AS on the file.

I am directed to invite a reference to ~~this appl~~ D.O letter NOFS(PA)226/72 dated ~~of even no.~~ 27-6-72 + 8.72 on the above subject and to request you to expedite your report in the matter

Yours faithfully

10/10/72

1

Asst

cc

S.No 7

GOVERNMENT OF MYSORE 14

M.C.Gangadhara Murthy,
Under Secretary to Govt.
Finance Department.

Mysore Govt.Secretariat,
" Vidhana Soudha ",
B'lore, dt.1st August 1972.

D.O.No.FD 189 CSL 72.

Dear Sri Srinivasamurthy,

Please refer to D.O. Letter No.FS(PA)226/72 dated 27th June, 1972 to the Commissioner of Commercial Taxes regarding representations of the " Shroff Bahajan Sangh, Bijapur" in connection with the Sales Tax on Bullion. I shall be grateful if you could kindly forward a report in the matter very early.

Yours sincerely,

(H.C.Gangadhara Murthy)

To

Shri C.R.Srinivasa Murthy,
Head Quarters Asst. to the
Commissioner of Commercial Taxes
in Mysore, Bangalore.

13

FD 189 CSL 72

From:

The President,
Shroff Mahajan Sangh,
Bijapur.

OFFICE OF THE CHIEF MINISTER
No. CMP/24/M(S)
Date 24/6
BANGALORE

To

The Hon'ble Minister for Finance,
Government of Mysore,
Bangalore,
Camp: Bijapur.

FOR DISPOSAL
SEEN BY
Chief Minister.
Office Assistant
to the Chief Minister

Respected Sir,

On behalf of the Shroff Mahajan Santh, Bijapur I, Shri. M.V. Sholapurkar, its president, beg to lay before your Honour a few linces for your kind and favourable consideration.

By the introduction of Gold Central Order this business community is hard hit.

The only business left over to this section sect of the community is:

(1) To deal in silver, bullion and silver articles, and

(2) To obtain a licence to deal in Gold ornaments.

This is rendered more enerous to this section of business people, ainee they are asked to Collect and pay the Sales Tax @3% on arricles and @ 1% on bullion and species, plus purchase tax under Section 6, whereever applicable.

In case of licence dealers, he has to collect about Rs.6.60 for 10 gms. of golden arricle and pay it over to the Govt. The customers grudgingly pay the same.

The position regarding the neighbouring States of Andhra Pradesh, Madras and Maharashtra, is said to be as under:

	Bullion	Ornaments
1. Andhra Pradesh	1/4 %	1/2%
2. Madras	1/4 %	1/2%
3. Maharashtra	1/4 %	1/2%

In the circumstances, it is enerous for the dealers to carry on their business and eke cut. a living since the tax atructure has unduly affected the turnover of the dealders in this State. The customers being very near to Maharashtra border made the purchase of gold and silver ornaments from Maharashtra. This is particularly so in the marriage seaso~~n~~ ~~x~~ With an adverse marriage season, the businessmen~~x~~ cannot improve his lot during the whole of the remaining year.

It is, therefore, prayed that by bringing the tax burden on bullion and articles as per with neighbouring States, can this community be saved from near extinction.

Thanking you,

Yours faithfully,

Bijapur.

Dated:

President.

Copyies with compliments and respectfully submitted to:

1. The Hon'ble Chief Minister of Government of Mysore, Bangalore.
2. The Hon'ble law Minister, Government of Mysore, Bangalore.

for ~~V~~aour of kind, sympathetic consideration and early orders by way of notification under Sec. 8-A of the Mysore Sales T~~A~~x Act, 1947.

Sr No 5

FS(PA)226/72. 27th June, 72

Dear Shri Balaraj,

Sub: Representation of the Shroff Mahajan Sangh, Bijapur, regarding Sales Tax on bullion.

I send herewith a copy of the representation made to the Finance Minister. The representation is self-explanatory. May I please have your remarks on the points raised, immediately?

Yours sincerely,

27.6.72

(Rani Narayanswami)

Shri DJ Balaraj,
Commissioner of Commercial Taxes,
BANGALORE.

Issued 28/6

A file may kl. be opened and papers may be put up with CCT's reply.

28/6/72

28/6

Sr.No.4

10

From:

The President,
Shroff Mahajan Sangh,
Bijapur.

To

The Hon'ble Minister for Finance,
Government of Mysore,
Bangalore,
Camp: Bijapur.

Respected Sir,

On behalf of the Shroff Mahajan Sangh, Bijapur, I, Shri. M.V.Sholapurkar, its President, beg to lay before your Honour a few lines for your kind and favourable consideration :

By the introduction of Gold Control Order this business community is hard hit.

The only business left over to this section seet of the community is :

(1) To deal in silver, bullion and silver articles, and

(2) To obtain a license to deal in Gold ornaments.

This is rendered more onerous to this section of business people, since they are asked to collect and pay the Sales Tax @ 3 % on articles and @ 1 % on bullion, and species, plus purchase tax under Section 6, wherever applicable.

In case oflicensed dealers, he has to collect about Rs. 6.60 for 10 gms. of golden article and pay it over to the Govt. The customers grudgingly pay the same.

The position regarding the neighbouring States of Andhra Pradesh, Madras and Maharashtra, is said to be as under :-

	Bullion	Ornaments
1. Andhra Pradesh	1/4 %	1/2 %
2. Madras	1/4%	1/2 %
3. Maharashtra	1/4 %	1/2 %

..2

In the circumstances, it is onerous for the dealers to carry on their business and eke out a living since the tax structure has unduly affected the turnover of the dealers in this State. The customers being very near to Maharashtra border make the purchase of gold and silver ornaments from Maharashtra. This is particularly so in the marriage season. With an adverse marriage season, the businessmen cannot improve his lot during the whole of the remaining year.

It is, therefore, prayed that by bringing the tax burden on bullion and articles on par with neighbouring States, can this community be saved from near extinction.

Thanking you,

Yours faithfully,

Bijapur,
Dated: 18-5-1972.

President.

Copies with compliments and respectfully submitted to:

1. The Hon'ble Chief Minister of
   Government of Mysore, Bangalore.
2. The Hon'ble Law Minister,
   Government of Mysore, Bangalore.

for favour of kind, sympathetic consideration and early orders by way of notification under Sec. 8-A of the Mysore Sales Tax Act, 1957.

M. No. 211/P/12
12-6-72

Secy F.D.

A note may be prepared in this department for the consideration of Hon'ble Chief Minister & Hon'ble Minister for Finance in this behalf.

Thank you

1/8/72 SHORPADE 7.2

Submitted:-

The President Shroff Mahajan Sangh Bijapur has represented that there is desparity in rates of tax between this state and the neighbouring states in respect of silver bullion and Gold and silver articles.

The present rate of tax under the Mysore Sales Tax Act; 1957 in respect of bullion and ornaments are as follows :-

	GOODS.	POINT OF LEVY.	RATE OF TAX.	UNDER SECTION
1.	Bullion and species.	First sale.	@ 1 %	5(3)(a).
2.	Gold and silver ornaments.	Multi-point.	@ 3 %	5 (1).
3.	--- do ---	Purchase Tax.	@ 3 %	6 (1).

Rates of tax in the neighbouring states as stated in the representation are as under :-

	Bullion.	Ornaments.
1. Andhra Pradesh.	1/4 %	1/2 %
2. Madras.	1/4 %	1/2 %.
3. Maharashtra.	1/4 %	1/2 %.

From the above it is evident that the dealers will have to pay tax at 6 % in all on Gold and silver articles i.e. 3% on the sales and 3% on the purchases since the most of the purchases are from Un-Registered dealers.

The President requests that the rate of tax may be reduced since the rates of tax in the neighbouring states are comparitively less. The high rates of tax have been affected the shroff business.

BIJAPUR.
Dt.18-5-1972.

I/c Commercial Tax Officer,
Bijapur.

M/s. Deshpande & Sholapurkar,
Saraf Merchants, BIJAPUR.

STATEMENT SHOWING THE YEARWISE TURNOVER AND TAX LEVIED.

	Period.	Gross Turnover.	Taxable turnover.	Tax assessed.
1.	1967-68.	Rs. 49,300/-	Rs.49,300/-	Rs. 949/-.
2.	1968-69.	Rs.1,03,200/-	Rs.1,03,200/-	Rs.1,956/-.
3.	1969-70.	Rs. 98,735/- (Sales.)	Rs. 98,735/-.	Rs.2,653/-.
		Rs. 30,000/- (In U.R.D. Purchases).	Rs. 30,000/-	Rs. 900/-.

---- ---- ---

Remarks: on account of high rate of tax: the dealer has to pay to the tune of R. 3553/- during 69-70 on same turnover as against tax paid by him of R. 1956/- during 68-69: on the same to

ಸಂ.ಎಫ್.ಡಿ 189 ಸಿಎಸ್‌ಎಲ್ 72

6

GOVERNMENT OF MYSORE

No. FD 189 CSL 72.
2 copies of Reptns.

MYSORE GOVERNMENT SECRETARIAT,
VIDHANA SOUDHA,

Bangalore, Dated 19th June 1972

FROM

The Secretary to the Government of Mysore
Finance Department.

To

The Commissioner of Commercial
Taxes in Mysore, Bangalore.

Sir,

SUB: Sales Tax on Bullion and
Jewellery.

I am directed to forward herewith a copy of the representations dated 6th June 1972 from the Jewellers' Association, Bangalore, and from the Sheroff Mahajan Sangh, Bijapur, regarding reduction of Sales Tax on Bullion and Jewellery. I am to request you to kindly forward your report in the matter on both the representations.

Yours faithfully,

(H.C. Gangadhara Murthy)
Under Secretary to Government,
Finance Department.

rsr:

Copy of the petition from the President, Shroff Mahajan Sangh, Bijapur, addressed to the Finance Minister, Bangalore.

On behalf of the Shroff Mahajan Sangh, Bijapur, I Shri.M.V.Sholapurkar, its president, beg to lay before your Honour a few lines for your kind and favourable consideration:

By the introduction of Gold central Order this business community is hard hit.

The only business left over to this section sect of the community is:

(1) To deal in Silver, bullion and silver articles, and
(2) To obtain a license to deal in gold ornaments.

This is rendered more onerous to this section of business people, since they are asked to collect and pay the sales tax @ 3% on articles and @ 1% on bullion, and species, plus purchase tax under Section 6, wherever applicable.

In case of licencee dealers, he has to collect about Rs.6.60 for 10 grams of golden article and pay it over to the Government. The customers grudgingly pay the same.

The position regarding the neighbouring States of Andhra Pradesh, Madras and Maharashtra, is paid to be as under:

	Bullion	Ornaments.
1. Andhra Pradesh	1/4 %	1/2 %
2. Madras.	1/4%	1/2 %
3. Maharashtra.	1/4%	1/2 %

In the circumstances, it is onerous for the dealers to carry on their business and eke out a living since the tax structure has unduly affected the turnover of the dealers in this State. The customers being very near to Maharashtra border made the purchase of gold and silver ornaments from Maharashtra. This is particularly so in the marriage season. With an adverse marriage season, the businessmen cannot improve his lot during the whole of the remaining year.

It is, therefore prayed that by bringing the tax burden on bullion and arricles as per with neighbouring States, car this community be saved from near extinction.

Thanking you,

==========

//copy//

rsr:

Copy of the representation from the President, The Jewellers' Association, Nagarthpet, Bangalore-2, addressed to the Finance Minister.

Sub: Reduction of sales tax on buillion and jewellery.

We, the members of the ~~Jwe~~ jewellers association, representing the interests of the jewellers all over the State of Mysore respectfully submit the following few lines for your consideration and decision.

Out culture, shastras, manners, and customs are entirely different from that of the westerners. We ~~x~~ find that jewellery is being used extensively by our womenfolk; ever since vedic times. By the stroke of a pen, we cannot change the habits of our people. The investment in jewellery is a ~~xkx~~ sort of compulsory savings for the family, which helps at the times of need. The price of precious metals is going up day by day and has reached the peak level during the last few days.

For the first time, when sales tax was introduced on jewellery, the rate of tax was only 1/4% on buillion and 1.56% on jewellery and the cost of metal was also very low now the cost of metal has gone up and the sales tax has been gradually stepped up to 3% on the plain jewellery, 4% on jewellery set ~~burdenxonxthexcustomersx Wexmadexseveral~~ precious stones and 1% on bullion. This is a heavy burden on the customers. We made several representations to the previous ministries to reduce the tax on jewellery and buillion in par with the rates prevailing in the neighbouring states of Andhra Pradesh and Maharashtra; as other wise the already dwindled trade due to the promulgations of Gold Control Act by the Centre, will be diverted to the neighbouring States of Andhra and Maharashtra, with a serious loss of revenue to the State exchequer.

With a forethought the Government of ~~Kxx~~ Maharashtra has kept the Sales Tax at a ~~xry~~ very low rate of 1/4% on bullion and 1/2% on jewellery. The dealer also willfully collects and pays the tax. On the other hand if the tax is high, there is scope for malpractices.

For example, a chain weighing 40 grams cost Rs.920/- in gold value + Rs.20/- in making charges = i.e. the cost comes to Rs.940/-. The Sales Tax on the above amount at the prevailing rates in our State works out to Rs.28/20 + Bangladesh a surcharge of Rs.0-56 i.e. altogether it comes ~~xf~~ to Rs.28/76. The dealer does not get even that much of profit. If he is asked to pay at a lower rate of tax, he willfully collects and pays the same and the customer also can be ~~x~~ convinced. The Government has got before it the statistics of revenue collected from this business, when the Sales Tax on Jewellery was low and when the same has been enhanced.

...2.

Making jewellery is a cottage industry and an ancient art cherished by Rajas in the past and our socialistic government at the present. Only skilled labour can undertake this job. This art needs all the encouragement it deserves by the State Government. If the tax is high, the trade is diverted to other States - Many artisans of this State will suffer and there will be an another problem for our State to rehabilitate them.

We request you, Sir, to reduce the Sales Tax on Bullion and jewellery in par with Maharashtra and oblige.

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//copy//.

rsr:

Sr No 2

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From:

The President,
Shroff Mahajan Sangh,
Bijapur.

By K.P.A.D

Secy. L & P.A. Dept
No. K-SPA 73 Dated 8.6.72

To

The Hon'ble Minister for Finance,
Government of Mysore,
Bangalore,
Camp: Bijapur.

Respected Sir,

On behalf of the Shroff Mahajan Sangh, Bijapur, I Shri. M.V. Sholapurkar, its president, beg to lay before your Honour a few lines for your kind and favourable consideration:

Minr. for Law & P. Affairs.
No. WCPP 784 Date: 1/6/72

By the introduction of Gold Central Order this business community is hard hit.

The only business left over to this section sect of the community is:

(1) To deal in silver, bullion and silver articles, and

(2) To obtain a license to deal in Gold ornaments.

Rs. put up note
1/6
D. K. NAIKAR,
Minister for Law and Parliamentary Affairs.

This is rendered more onerous to this section of business people, since they are asked to Collect and pay the Sales Tax @ 3% on articles and @ 1% on bullion, and species, plus purchase tax under Section 6, whereever applicable.

7/6

In case of licencee dealers, he has to collect about Rs. 6.60 for 10 gms. of golden article and pay it over to the Govt. The customers grudgingly pay the same.

Adv

S.D. (Admn.) Dated 8/6/72
No 61
Please write the reply in Kan.
9.6.72

The position regarding the neighbouring States of Andhra Pradesh, Msdras and Maharashtra, is said to be as under:

	Bullion	Ornaments
1. Andhra Pradesh	1/4 %	1/2 %
2. Madras	1/4 %	1/2 %
3. Maharashtra	1/4 %	1/2 %

Shri G-Ks
9/6/72

..2

In the circumstances, it is enerous for the dealers to carry on their business and eke cut. a living since the tax structure has unduly affected the turnover of the dealers in this State. The customers being very near to Maharashtra border made the purchase of gold and silver ornaments from Maharashtra. This is particularly so in the marriage season. With an adverse marriage season, the businessmen cannot improve his lot during the whole of the remaining year.

It is, therefore, prayed that by bringing the tax burden on bullion and arricles as per with neighbouring States, can this community be saved from near extinction.

Thanking you,

Yours faithfully,

President.

Bijapur

Dated:

Copyes with compliments and respectfully submitted to:

1. The Hon'ble Chief Minister of Government of Mysore, Bangalore.
2. The Hon'ble Law Minister, Government of Mysore, Bangalore,

for favour of kind, sympathetic consideration and early orders by way of notification under Sec. 8-A of the Mysore Sales Tax Act, 1957.

Sr 20 |

3

THE JEWELLERS' ASSOCIATION (REGD)
NAGARTHPET BANGALORE- 2.

6th June 1972.

To
The Honourable Minister of Finance,
Government of Mysore,
Bangalore.

Respected Sir,

Sub:- Reduction of Sales Tax on Bullion & Jewellery.

We, the members of the jewellers association, representing the interests of the jewellers all over the State of Mysore respectfully submit the following few lines for your consideration and decision.

Our culture, shastras, manners and customs are entirely different from that of the westerners. We find that jewellery is being used extensively by our womenfolk; ever since vedic times. By the stroke of a pen, we cannot change the habits of our people. The investment in jewellery is a sort of compulsory savings for the family, which helps at the times of need. The price of precious metals is going up day by day and has reached the peak level during the last few days.

For the first time, when sales tax was introduced on jewellery, the rate of tax was only 1/4% on bullion and 1.56% on jewellery and the cost of metal was also very low- now the cost of metal has gone up and the sales tax has been gradually stepped up to 3% on the plain jewellery, 4 % on jewellery set precious stones and 1% on bullion. This is a heavy burden on the customer. We made several representations

F-S T 8344 m
9.6.72

In Person

They met FM today. We shd get an analysis

8.6.72

Joint Secy. F.D.

to the previous ministries to reduce the tax on jewellery and bullion in par with the rates prevailing in the neighbouring states of Andhra Pradesh and Maharashtra; as otherwise the already dwindled trade due to the promulgations of Gold Control Act by the Centre, will be diverted to the neighbouring States of Andhra and Maharashtra, with a serious loss of revenue to the State exchequer.

With a forethought the Government of Maharashtra has kept the Sales tax at a very low rate of 1/4% on bullion and 1/2% on jewellery. The dealer also willfully collects and pays the tax. On the other hand if the tax is high, there is scope for malpractices.

For example , a chain weighing 40 grams cost Rs 920/- in gold value + Rs 20/- in making charges - i.e. the cost comes to Rs 940/-. The Sales tax on the above amount at the prevailing rates in our State works out to Rs 28/20 + Bangla desh sur charge of Rs 0-56 i.e. altogether it comes to Rs 28/76. The dealer does not get even that much of profit. If he is asked to pay at a lower rate of tax, he willfully collects and pays the same and the customer also can be convinced. The Government has got before it the statistics of revenue collected from this business, when the Sales tax on jewellery was low and when the same has been enhanced.

contd.....3

Making jewellery is a cottage industry and an ancient art cherished by ~~from~~ Rajas in the past and our socialistic government at the present. Only skilled labour can undertake this job. This art needs all the encouragement it deserves by the State Government. If the tax is high, the trade is diverted to other States- Many artisans of this State will suffer and there will be an another problem for our State to rehabilitate them.

We request you, Sir, to reduce the Sales tax on Bullion and Jewellery in par with Maharashtra and oblige.

Thanking you,

G. R. Lakshminarayana Seth
Hon President

Yours faithfully,